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P/E Ratios

Steven D. Dolvin
sdolvin@butler.edu

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JMDinvestments

Monday, August 19, 2013

P/E Ratios

Most investors know that the PE multiple is the ratio of price to earnings. While the market price is easy to agree upon, the earnings number that should be used in the ratio is not. Some investors prefer historical earnings, while others focus on forecasted earnings. Each of these approaches can provide widely different PE estimates, making comparison difficult. [See article here, Wall Street Journal.](#)

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